

INTERIM IRM PROCEDURAL UPDATE

DATE: 12/11/2009

NUMBER: WI-21-1209-1031

Subject: Updated information on working Schedule "H" inquiries relating to Form 1041. Update Form 8697 Instructions, Notice 2009-89 and miscellaneous changes

AFFECTED IRM(s)/SUBSECTION(s): 21.7.4

CHANGE(s):

IRM 21.7.4.4.1.11(6) - Delete paragraph (6)

IRM 21.7.4.4.1.11.3.3(5) - Add new paragraph (5) as Follows:

(5) Employees **cannot** make adjustments to BMF Schedules H by phone, other than abating duplicate assessments. If the taxpayer reported the incorrect amount of tax, advise them to file an amended return. However, if the taxpayer reported employment taxes on Form 94X and/or FUTA tax on Form 940, and reported the same amounts on Form 1041, remove the tax from the incorrect form (940/94X) and ensure payment is on the correct account. Delete the Form 94X/940 filing requirements if necessary.

IRM 21.7.4.4.4.11.4(5) - Delete paragraph (5) and replace with the following:

A political organization, whether or not it is tax-exempt, must file Form 1120-POL if it has any political organization taxable income. An exempt organization that is not a political organization must file Form 1120-POL if it is treated as having political organization taxable income under section 527(f)(1). An organization that files Form 1120-POL may also be required to file the following forms:

- Form [8871](#), Political Organization Notice of Section 527 Status.
- Form [8872](#), Political Organization Report of Contributions and Expenditures

IRM 21.7.4.4.4.11.4(6) - Add the following at the end of the paragraph:

See IRM 21.7.7.4.5, Form 1120-POL, U.S. Income Tax Return For Certain Political Organizations, for more information on Form 1120-POL, Form 8871 and Form 8872.

IRM 21.7.4.4.8.1.3(4) - Delete paragraph (4) and replace with the following:

(4) The credit is a component of Form 3800, General Business Credit, however, Section 38 provides a special tax liability limitation for the credit. For 2007 and prior, the credit is figured separately and is never carried to Form 3800. For 2008 and subsequent, the allowable credit is figured in Part II of Form 3800. The credit is based on designated qualified areas nominated by state and local government in 1994.

IRM 21.7.4.4.8.3.20(6) - Delete the two bullets and replace with the following;

- Is an entity certified as a qualified CDE by the Department of the Treasury's Community Development Financial Institution (CDFI) Fund
- Maintains accountability to residents of low-income communities through their representation on any governing board or advisory board of the entity
- Primary mission is serving, or providing investment capital for, low-income communities or persons

IRM 21.7.4.4.8.3.20(7) - Add new paragraph (7) as follows and renumber existing paragraphs;

(7) Qualified CDEs also include specialized small business investment companies and community development financial institutions. See IRC section 45D(c)(2).

IRM 21.7.4.4.8.3.22(4) - Add new paragraph (4) as follows and renumber existing paragraphs;

(4) For each facility, qualified costs are costs paid or incurred to comply with the highway diesel fuel sulfur control requirements of the Environmental Protection Agency (EPA) during the period beginning January 1, 2003, and ending on the earlier of:

- The date 1 year after the date on which the refiner must comply with these EPA requirements with respect to such facility, **or**
- December 31, 2009

IRM 21.7.4.4.8.3.22(9) - Add the following to the end of renumbered paragraph (9):
Also, see the General Instructions for Form 8896 for more specific information.

IRM 21.7.4.4.8.3.26.1(10) - Add new paragraph (10) as follows;

(10) Notice 2009-89 sets forth interim guidance, pending the issuance of regulations, relating to the new qualified plug-in electric drive motor vehicle credit under IRC section 30D, as in effect for vehicles acquired after December 31, 2009. Specifically, the notice provides procedures for a vehicle manufacturer (or, in the case of a foreign vehicle manufacturer, its domestic distributor) to certify to the Internal Revenue Service both:

- That a motor vehicle of a particular make, model, and model year meets certain requirements that must be satisfied to claim the new qualified plug-in electric drive motor vehicle credit under IRC section 30D; **and**
- The amount of the credit allowable with respect to that motor vehicle. This notice also provides guidance to taxpayers who purchase motor vehicles regarding the conditions under which they may rely on the vehicle manufacturer's (or, in the case of a foreign vehicle manufacturer, its domestic distributor's) certification in determining whether a credit is allowable with respect to the vehicle and the amount of the credit. The Service and the Treasury Department expect that the regulations will incorporate the rules set forth in this notice.

IRM 21.7.4.4.8.3.35(4) - Add the following at the end of paragraph (4):

For 2006 and 2007, the maximum credit allowed for Type A refrigerators is \$20,000,000. For 2008 and 2009, the \$75,000,000 limit does not apply to Type D clothes washers and Type D refrigerators.

IRM 21.7.4.4.21 - Add new paragraph (6) as follows:

(6) **All BMF Form 8697** claims for refund, and loose Form 8697 reporting additional interest due or if no interest is due to be refunded, and all BMF correspondence pertaining to Form 8697 **are worked at the Cincinnati Campus in the NMF Unit.** Route loose forms and correspondence to this area. If CIS case, re-control to 0242300004. Otherwise, route to Stop 6222G.

IRM 21.7.4.4.21.3(7) - Add new paragraph (7) as follows and renumber existing paragraphs:

(2) Per Treas. Regs. Section 1.460-6(f)(1) & (2), estimated tax penalties do not apply to the increased tax reported on the taxpayers return due to a balance due on a Form 8697.

If you receive a taxpayer inquiry questioning the ES Penalty, reduce the TC 150 by the Form 8697 amount and re-compute the penalty based on service center error and apologize for the inconvenience.

IRM 21.7.4.4.21.4(1) - Delete paragraph (1) and (2) and replace with the following:

(1) Prior to January 1, 2005, all refunds claimed on Form 8697 were processed NMF to MFT 69. Beginning January 1, 2005, refunds claimed on Form 8697 relating to Form 1040, Form 1041, Form 1065 and Form 1120 are processed on the related income tax module if a TC 150 has posted. If a TC 150 has not posted on the BMF account, then the refund is processed non-master file. See IRM 21.7.12, Non-Master File (NMF) Adjustments, for information on processing these claims.

(2) Form 8697 requesting a refund may be filed before the due date of the related income tax return. When a Form 8697 or an amended return containing Form 8697 is received requesting a refund, research the appropriate income tax return module on Master File and NMF to determine if a manual refund was previously issued. If a refund was previously issued, advise the taxpayer. If not, continue processing.
